

**BEFORE THE PUBLIC SERVICE COMMISSION**  
**OF THE STATE OF DELAWARE**

IN THE MATTER OF THE APPLICATION OF       )  
CHESAPEAKE UTILITIES CORPORATION FOR     )  
APPROVAL OF NATURAL GAS EXPANSION       )       PSC DOCKET NO. 17-1224  
SERVICE OFFERINGS                               )  
(FILED DECEMBER 20, 2017)                       )

**ORDER NO. 9228**

**AND NOW**, this 5<sup>th</sup> day of June, 2018, the Delaware Public Service Commission (the "Commission") determines and orders the following:

**WHEREAS**, in Order No. 8479 in Docket No. 12-292 (Nov. 5, 2015), the Public Service Commission (the "Commission") approved a settlement in which the Commission established Infrastructure Expansion Service ("IES") rates<sup>1</sup> for a certain portion of Chesapeake Utilities Corporation's ("Chesapeake" or the "Company") service territory designated as an Expansion Area (the "Expansion Docket");<sup>2</sup> and

**WHEREAS**, on December 20, 2017, Chesapeake filed with the Commission an application (the "Application"), pursuant to 26 *Del. C.* §201, §301, and §304, seeking approval to apply the IES rates throughout its service territory when expansion of service would be uneconomical under

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<sup>1</sup> The current IES rates, also approved in PSC Order No. 8479 (November 5, 2013), are an additional charge, added to and collected as part of the monthly customer charge, applicable to all new residential and small commercial customers in southeastern Sussex County.

<sup>2</sup> PSC Order No. 8479 (November 5, 2013) defines the "Expansion Area" as the area east of Chesapeake's district regulator station located on Route 9 in Lewes, Delaware that is connected to Chesapeake's distribution main and any area that is connected to Chesapeake's distribution main behind the three Eastern Shore Natural Gas transmission pipeline city gates located in Dagsboro, Frankford, and Selbyville, Delaware.

Chesapeake's applicable tariff and line extension policies,<sup>3</sup> if the customer affirmatively agrees to pay the IES rates; and

**WHEREAS**, Chesapeake initiated the Expansion Docket in response to interest from residents, businesses, and developers seeking distribution of natural gas service because, according to Chesapeake, under existing rates and line extension policies, service cannot be provided without many of the customers paying a substantial up-front contribution or advance; and

**WHEREAS**, Order No. 9171 (February 1, 2018) further designated Mark Lawrence as the Hearing Examiner for this proceeding pursuant to 26 *Del. C.* §502 and 29 *Del. C.* ch. 101, and more specifically delegated Senior Hearing Examiner Lawrence the ability to: (1) grant or deny petitions to intervene and for admission of counsel *pro hac vice*; (2) schedule and conduct public comment sessions and evidentiary hearings to develop a complete record; (3) determine the form and manner of any further public notice in this matter; and (4) file his proposed findings and recommendations with the Commission based upon conclusions of law and the evidence presented; and

**WHEREAS**, the Commission also ordered that it may rescind the designation of a Hearing Examiner and consider the matter after a duly noticed evidentiary hearing at a regularly-scheduled Commission meeting

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<sup>3</sup> Chesapeake's applicable tariff rates and line extension policies, when applied to the amount of its initial capital investment, require that service extension projects be economical and satisfy Chesapeake's approved financial test.

if no petitions to intervene,<sup>4</sup> material objections, or written comments<sup>5</sup> raising significant issues were received; and

**WHEREAS**, the Delaware Division of the Public Advocate ("DPA") filed its Statutory Notice of Intervention on December 21, 2017; and

**WHEREAS**, to date the Commission has not received any other petitions to intervene nor any comments raising significant issues from any person or entity; and

**WHEREAS**, after having conducted discovery and filed testimony, the Company, the Commission Staff, and the DPA (the "Parties") held settlement conferences on May 9 and 21, 2018, and successfully reached a settlement in principle in this proceeding; and

**WHEREAS**, the Parties have agreed that since a settlement in principle has been reached, and that since no person or entity filed comments or sought intervention to date, it is more productive and administratively efficient to consider this matter at a duly noticed evidentiary hearing at a future regularly-scheduled Commission meeting;

**NOW, THEREFORE, IT IS HEREBY ORDERED BY THE AFFIRMATIVE  
VOTE OF NOT FEWER THAN THREE COMMISSIONERS:**

1. The Commission shall modify the appointment of Mark Lawrence as the Hearing Examiner for this docket so that Hearing Examiner Lawrence shall not be required to file his proposed findings and recommendations with the Commission.

2. Hearing Examiner Lawrence shall remain appointed as Hearing

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<sup>4</sup> Pursuant to PSC Order No. 9171 (February 1, 2018) the deadline to intervene in this matter was Friday, February 23, 2018.

<sup>5</sup> The expedited procedural schedule, approved by the Hearing Examiner on February 28, 2018, sets Friday, June 22, 2018 as the deadline for written comments.

Examiner for this proceeding for the sole purposes of: (1) considering out of time petitions to intervene; (2) considering admission of counsel *pro hac vice*, (3) and determining the form and manner of any further public notice in this matter for the purposes of scheduling and conducting public comment sessions.

3. The Commission will consider whether or not to approve the Settlement Agreement reached by the Parties in this proceeding, after a duly noticed evidentiary hearing at a future regularly-scheduled Commission meeting.

4. The Commission reserves the jurisdiction and authority to enter such further Orders in this matter as may be deemed necessary or proper.

**BY ORDER OF THE COMMISSION:**

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Chair

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Commissioner

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Commissioner

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Commissioner

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Commissioner

ATTEST:

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Secretary